

FORM
N-103
(REV. 1996)

SALE OF YOUR HOME
SEE INSTRUCTIONS ON BACK. ATTACH TO FORM N-11, N-12, OR N-15.

1996

PLEASE PRINT OR TYPE

Your first name and initial (If joint, also give spouse's name and initial)

Last name

Your social security number

Fill in Your Address Only if You Are Filing This Form by Itself and Not with Your Tax Return

Present home address (street, and apt. no., or P. O. Box no. if mail is not delivered to street address)

Spouse's social security number

City, town, or post office, state, and ZIP code

Tax map key number of new home

Part I General Information

1 Date your former main home was sold (month, day, year).....>

2a Have you bought or built a new main home? ☐ Yes ☐ No

2b If line 2a is "Yes," enter the city and state where your new home is located.....>

3 Is or was any part of either main home rented out or used for business? (If "Yes," see Instructions) ☐ Yes ☐ No

4 Was your former residence purchased with funds from an Individual Housing Account? ☐ Yes ☐ No

(If "Yes," go to line 5; if "No," go to line 9.)

5 When was your former residence purchased? (month, day, year)>

6 Amount of distribution from your Individual Housing Account used to purchase your former home. **6**

7 Amount of line 6 not previously reported. (See Instructions.) If line 7 is zero, go to line 9. If line 7 is more than zero, include this amount on Form N-11, line 10, Form N-12, line 18, or Form N-15, line 20, and go to line 8..... **7**

8 Enter 10% (.10) of line 6. Include this amount on Form N-11, line 26, Form N-12, line 37, or Form N-15, line 39. **8**

Part II Gain on Sale (Do not include amounts you deduct as moving expenses)

9 Selling price of home. (Do not include personal property items that you sold with your home.) **9**

10 Expense of sale. (Include sales commissions, advertising, legal, etc.) **10**

11 Amount realized. (Line 9 minus line 10.) **11**

12 Adjusted basis of home sold. (See Instructions) **12**

13 **Gain on Sale.** (Line 11 minus line 12) If this amount is zero or less, or your gain may not be postponed, stop here and attach this form to your return. If you cannot postpone your gain, report this amount on Form N-11, line 10; on the Capital Gain/Loss Worksheet in the Instructions for Form N-12; or, on Schedule D (Form N-15), line 4 or line 12. **13**

14 If you haven't replaced your home, do you plan to do so within the replacement period? ☐ Yes ☐ No
(If "Yes," stop here, attach this form to your return, and see *When to File* in the Instructions.)

If "No," go to Part III or IV, whichever applies.)

Part III One-Time Exclusion for Taxpayers Age 55 or Older (If you are not taking the exclusion, go to Part IV now.)

15 Who was 55 or older on date of sale? ☐ you ☐ your spouse ☐ both of you

16 Did the person who was 55 or older own and use the property as a main home for a total of at least 3 years (except for short absences) of the 5-year period before the sale? (If "No," go to part IV now.) ☐ Yes ☐ No

17 If you answered "Yes" to 16, do you elect to take the one-time exclusion of the gain on the sale? ☐ Yes ☐ No
If "No," go to Part IV now.

18 At time of sale, who owned the home? ☐ you ☐ your spouse ☐ both of you

19 Social Security number of spouse at time of sale if different from above
(Enter "None" if you were not married at time of sale).....>

20 **Exclusion.** Enter the smaller of line 13 or \$125,000 (\$62,500, if married filing separate return)..... **20**

Part IV Adjusted Sales Price, Taxable Gain, and Adjusted Basis of New Home

21 Gain after exclusion. (Line 13 minus line 20) **21**

22 Fixing-up expenses (See federal Instructions for time limits) **22**

23 Add lines 20 and 22. **23**

24 **Adjusted Sales Price** (Line 11 minus line 23)..... **24**

25a Date you moved into new home. (month, day, year) > **25b** Cost of new home

26 Line 24 minus line 25b. If zero or less, enter -0- **26**

27 **Taxable gain.** Enter the smaller of line 21 or line 26 (See Instructions) **27**

28 Postponed gain. (Line 21 minus line 27.) **28**

29 **Adjusted basis of new home.** (Line 25b minus line 28.)..... **29**

Sign Here Only if You Are Filing This Form by Itself and Not with Your Tax Return

Under penalties of perjury, I declare that I have examined this form, including attachments, and to the best of my knowledge and belief, it is true, correct, and complete.

Your signature

Date

Spouse's signature
(If joint return, both must sign)

Date

INSTRUCTIONS

CAUTION: *If your new home is located outside Hawaii and at the time of replacement you have established a new domicile outside Hawaii, the gain realized on the sale of the old home is taxable at the time of sale and may not be postponed. Section 235-2.4(f), Hawaii Revised Statutes (HRS), allows nonresident active duty military personnel and their spouses, stationed in Hawaii, to postpone the recognition of the gain on the sale of their Hawaii homes as if they were residents of the State of Hawaii. The sale of the Hawaii home and any gain to be recognized in the year of sale must be reported to the State on the taxpayers' Form N-15.*

Who Must File.—Use Form N-103 to report the sale of your main home, whether or not you had a gain from the sale. Use this form to postpone gain and make the one-time election to exclude it from your income. A loss is not deductible. All filers must complete Parts I, II, and IV except as explained below.

Main Home.—You file Form N-103 only for the sale of your main home. It can be a house, a houseboat, house trailer, cooperative apartment, condominium, etc. If you have more than one home, your main home is the one you live in most of the time.

Internet Address.—The Department of Taxation's site on the Internet is:

<http://www.hawaii.gov/icsd/tax/tax.html>

Tax forms can be found at:

<http://www.hawaii.gov/icsd/tax/taxforms.html>

When To File.—File Form N-103 for the year of sale whether or not you replaced your home.

In the following cases, file 2 Forms N-103:

If you plan to replace your home but have not done so by the time you file your return, and the replacement period has not expired, attach Form N-103 to Form N-11, N-12, or N-15 for the year of sale. In this case, complete Parts I and II only, but do not include the gain in income. If you replace your home after you file your return within the replacement period and your new home costs at least as much as the adjusted sales price of your old home, you will have to file a second Form N-103 by itself. Send this second Form N-103 to the Tax Assessor of the Taxation District where you filed your return reporting the sale of your home. Since this second Form N-103 is being filed by itself, enter your name and address and sign and date the form.

If you replace your home within the replacement period after you file your return and your new home costs less than the adjusted sales price of the old home or you do not replace your old home within the replacement period, file an amended individual income tax return, with a new Form N-103 for the year of sale to report the gain. Interest will be charged on the additional tax due.

If you reported and paid tax on the gain from the sale of your old home and then bought a new home within the replacement period, file an amended return with Form N-103 to claim a refund.

One-Time Exclusion for People Age 55 or Older (Part III)—Generally, you can elect to exclude from your income up to \$125,000 (\$62,500 if married filing a separate return) of the gain from one sale of any main home you choose. To make the election for this sale, complete Part III and answer "Yes" on line 17. You qualify to make the election if you meet **ALL** of the following tests:

1. You or your spouse were age 55 or older on the date of sale,
2. Neither you nor your spouse have ever excluded gain on the sale of a home after July 26, 1978, and
3. The person who was age 55 or older owned and lived in the home for periods adding up to at least 3 years within the 5-year period ending on the date of sale.

For purposes of test 3, if you were physically or mentally unable to care for yourself, count as time living in your main home any time during the 5-year period that you lived in a facility such as a nursing home. The facility must be licensed by a state (or political subdivision) to care for people in your condition. For this rule to apply, you must have owned and used your residence as your main home for a total of at least 1 year during the 5-year period. See federal Publication 523 for more information.

The gain you exclude is never taxed. But, if the gain is more than the amount you are allowed to exclude, the excess is either included in your income in the year of sale or it is postponed as explained below. Generally, you can make or revoke the choice within 3 years from the due date (including extensions) of your tax return for the year of sale. Use an amended individual income tax return with Form N-103 attached to amend your return. The exclusion election is a once-in-a-lifetime election, so you may choose not to make it now.

Married Taxpayers.—If you and your spouse own the property jointly and file a joint return, only one of you must meet the age, ownership, and use tests for electing the exclusion. If you do not own the property jointly, the owner must meet these tests, regardless of your filing status on Form N-11, N-12, or N-15.

If you are married at the time of sale, both you and your spouse must make the election to exclude the gain. If you do not file a joint return with that spouse, that spouse must consent to the election by writing in the bottom margin of Form N-103 or on an attached statement, "I consent to Part III election," and signing it.

The election does not apply separately to you and your spouse. If you and your spouse make an election during marriage and later divorce, no further elections are available to either of you or to your new spouse if you remarry.

Postponing Gain.—Generally, you must postpone gain if you buy or build, and occupy another home within 2 years before or after the sale. The amount of gain that is postponed is shown on line 28.

If a spouse dies after the old home is sold and before the new home is purchased, the gain from the sale of the old home may be postponed if the above requirements are met, the spouses were married on the date of death, and the surviving spouse used the new home as his or her main home. This applies regardless of whether the title of the old home is in one spouse's name or held jointly. See federal Publication 523 for more information.

If you bought more than one home during the replacement period, only the last one you bought qualifies as your new home for postponing gain. During the replacement period, any sale after the first does not qualify for postponing gain, unless you sold the home because of a job relocation and are allowed a moving expense deduction.

If you later sell your new home and do not replace it, the postponed gain will be taxed at that time. If you replace it, you may continue to postpone the gain.

Replacement Period for Postponing Gain.—If you buy or build, and move into another main home within the replacement period, you must usually postpone paying tax on all or part of the gain. The replacement period starts 2 years before and ends 2 years after you sell your former main home. The replacement period may be longer if you are on active duty in the U.S. Armed Forces for more than 90 days, or if you live and work outside the U.S. See federal Publication 523 for more information.

Applying Separate Gain to Basis of New Home.—If you own the old home separately, but you and your spouse own the new house jointly (or vice versa), you and your spouse may elect to divide the gain and

the adjusted basis if both of you:

1. Use the old and new home(s) as your main home(s), and
2. Sign a statement that says, "We agree to reduce the basis of the new home(s) by the gain from selling the old home(s)." This statement can be made in the bottom margin of Form N-103 or on an attached sheet.

If you both do not meet these two requirements, you must report the gain in the regular way without allocation.

Line-by-Line Instructions

Refer to federal line-by-line instructions for Form 2119. Additional instructions are noted below.

Line 3—Use Hawaii Schedule D-1, not federal Form 4797, to report the part of the sale that applies to the rental or business use.

Line 6—Section 235-5.5(f), HRS, requires that the amount received as a distribution from an Individual Housing Account (IHA) which was used to purchase a residential property in Hawaii be included in the gross income of the individual.

Individuals who purchased residential property **before January 1, 1990**, with a distribution from an IHA must include in gross income in the year the property is sold, conveyed, or transferred an amount equal to the amount of the distribution, unless an election was made to include one-tenth of the distribution in gross income each year for ten years starting in 1990.

Individuals who purchase residential property **after December 31, 1989**, or those who purchased property before January 1, 1990, and have made the election to do so, shall include in gross income one-tenth of the distribution each year for 10 years. If such individual sells the property purchased with an IHA distribution before the end of the 10 year period, the remaining amount of the distribution not previously reported shall be included in gross income in the year of sale.

Enter on line 6 the total amount of the IHA distribution.

Line 7—Enter on this line the amount of the IHA distribution not previously reported. Also include this amount on Form N-11, line 10, Form N-12, line 18, or Form N-15, line 20. Identify this amount as "IHA distribution reported on sale of property."

Line 8—Section 235-5.5(f), HRS, also requires that 10% (.10) of the IHA distribution used to purchase residential property be added to the individual's tax liability upon the sale, conveyance, or transfer of the property if the total IHA distribution was not previously reported. On line 8, enter 10% (.10) of line 6. Also include this amount on Form N-11, line 26, Form N-12, line 37, or Form N-15, line 39 and check the box indicating that you are including the separate tax from Form N-103.

Line 12—Adjusted Basis of Home Sold.—If you were a nonresident of Hawaii when you purchased your old Hawaii home, do not reduce the basis of the old home by any gain on the sale of a prior home which was located outside of Hawaii.

Line 21—Gain after exclusion.—Subtract the amount on line 20, if any, from the amount on line 13 and enter the result on line 21. If the result is zero, stop here and attach this form to your return. If you answered "Yes" on line 2a, go to line 22 now.

Line 27—Taxable gain.—Enter on line 27 the smaller of line 21 or line 26. If this amount is zero, go to line 28 and attach this form to your return. If you are reporting the sale on the installment method, see the federal instructions and go to line 28. All others, enter this amount on the Capital Gain/Loss Worksheet in the Instructions for Form N-12 or, on Schedule D (Form N-15), line 4 or line 12, and go to line 28.